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192

# HOUSE COMMITTEE REPORT

(9)

Date referred: 3/9/88

FURTHER REFERRALS: Finance

DATE: 5-5-88

The Resources Committee has considered CSSB 192(Res)

"An Act relating to the membership of the agricultural revolving loan fund board; and providing for an effective date."

**RECOMMENDS:**

- replace with HCS CSSB 192(Res)  the same title
- attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

**ADOPTS:**  \_\_\_\_\_ letter of intent

**ATTACHES NEW FISCAL NOTE(s):**

- fiscal impact  same as previous fiscal note published \_\_\_\_\_
- zero fiscal note  same as previous zero fiscal note published \_\_\_\_\_
- zero with analysis

**SIGNING DO PASS:**

See Gth  
Mike Young  
True Pearce  
Jay Kestral  
Frank Smith  
Adelheid Herrmann

**SIGNING OTHER RECOMMENDATIONS:**

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

See Gth

Chairman's signature

Original sponsor: Kerttula

1 IN THE SENATE BY THE RESOURCES COMMITTEE  
2 HOUSE CS FOR CS FOR SENATE BILL NO. 192 (Resources)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the membership of the Agricul-  
7 tural Revolving Loan Fund Board; and providing for an  
8 effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 \* Section 1. AS 03.10.050(b) is amended to read:

11 (b) The board is composed of seven [FIVE] members appointed by  
12 the governor and confirmed by the legislature in joint session. Five  
13 [THREE] members shall be persons with background and experience in  
14 Alaska agriculture, two of whom shall be farmers who are residents in  
15 the state, operate producing farms in the state, and have operated the  
16 producing farms in the state for at least five years. Members of the  
17 board serve at the pleasure of the governor for overlapping three-year  
18 terms. Members of the board are not entitled to receive compensation  
19 for their services, but shall receive the same travel pay and per diem  
20 as provided by law for boards and commissions.

21 \* Sec. 2. AS 03.10.052 is amended by adding a new subsection to read:

22 (b) A person may not serve on the board if the person is delin-  
23 quent on payments on a loan obtained under this chapter. The governor  
24 shall discharge a member of the board who is delinquent on payments on  
25 a loan obtained under this chapter within 30 days after the delin-  
26 quency occurs.

27 \* Sec. 3. INITIAL APPOINTMENTS. The governor shall appoint two resi-  
28 dents who operate producing farms in the state and who have operated  
29 producing farms in the state for at least five years to fill the new

1 positions created on the Agricultural Revolving Loan Fund Board by this  
2 Act. The governor shall appoint one person to an initial term of three  
3 years and one person to an initial term of two years to fill the new posi-  
4 tions on the board.

5 \* Sec. 4. This Act takes effect January 1, 1989.  
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Official Business

# Alaska State Legislature

## Senate

P.O. BOX V  
State Capitol  
Juneau, Alaska 99811

TO: Representative Sam Cotten, Chairman House Resources  
Committee

FROM: Senator Jay Kerttula

RE: SB 192, "An Act relating to the membership of the  
agricultural revolving loan fund board."

DATE: April 13, 1988

### SPONSOR STATEMENT

SB 192, relating to the agricultural revolving loan fund (ARLF) board, would make a small but important change in the composition of the board.

Presently, the board includes five members. SB 192 would change the board so that there would be seven total members and two of them would be required to be presently operating producing farms and to have been doing so for at least five years.

It is critical to the future of Alaskan agriculture that we have farmers involved in the decision-making that the ARLF board does. Without requiring that producing farmers be on the board we effectively cut out the most important and knowledgeable group of people from participation.

A broad geographic representation is also necessary for a properly operating board. This is difficult with only five members. A seven-member board will help us achieve a much broader perspective on the board.

As the Director of Agriculture says in the attached article, farmers need "a banker who knows farming and who knows a potentially profitable operating from a losing one." Without farmers on the ARLF board the state is not taking advantage of a wealth of knowledge it could be utilizing.

Thank you for your consideration of SB 192.

Please hurry up before the property lines around you jump and you miss out on a deal of a lifetime.

Have a nice day.

Al Naumann  
Wasilla

Readers are invited to submit letters to Mail Drop on any subjects of public interest. Longer articles of 500 to 800 words may be submitted for Spectrum, along with charts or graphic information. All letters must include the author's name and telephone number (the number will not be published). Send mail to Editor, Frontiersman, 1261 Seward Meridian Road, Wasilla, AK, 99687.

## Legislation would add seats to loan board

Legislation by Sen. Jay Kerttula, D-Palmer, to increase the number of members on the Agricultural Revolving Loan Fund board from five to seven, passed the Senate by a vote of 20-0.

"It is critical to the future of Alaska agriculture that we have farmers involved in the decision-making done by the ARLF board. Without requiring that producing farmers be on the board, we effectively eliminate the most important and knowledgeable group of people from participation," Sen. Kerttula said, when asked about his support of SB 1-92.

The two new ARLF board members would be required to be farmers who have been operating a producing farm for a minimum of five years.

"A broad geographic representation is also necessary for a well balanced, operating board. This is difficult

with only five members. A seven-member board will help achieve a much broader perspective on the board," Kerttula said.

FRONTIERSMAN  
3-18-88

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## MATANUSKA-SUSITNA BOROUGH SCHOOL DISTRICT PUBLIC HEARINGS SEARCH & SEIZURE POLICY REVIEW

Public Hearings are set-up in the following communities:

Upper Valley communities:  
Seward Valley High School

Houston community  
Houston High School

AGRICULTURE

# The state must view agriculture as a business

BY MARK WEAVER

Does Alaska have an agricultural policy?

When money was easy, we had agricultural policies by the dozen. We had a policy to promote the grain industry; we had a policy to promote dairying; we had a policy of promoting a whole slew of agricultural commodities by lending money to people who had little capital of their own and little history of management.

As long as money was easy, the wisdom of these policies was not tested. Now the well is drying up. Their legacies are coming to haunt us: Delinquent farm debt. Processing facilities that are empty or unprofitable. Angry farmers. A disenchanted public.

Where do we go from here? Some say, "Do nothing." In fact, doing nothing will cause more waste.

I propose a different strategy. The first step is to recognize the valuable lessons that Delta, Point Mackenzie and



other recent experiences can teach us.

• Lesson No. 1: Easy farm credit too often rewards bad management. It does not produce private sector growth that is sustainable and unsubsidized.

• Lesson No. 2: To encourage agricultural production for its own sake is foolishness. Supply must be driven by demand.

• Lesson No. 3: Farmers must be required to bear the ordinary risks of doing business. Farming may be different from other businesses, but it is not special.

In every sector of the agriculture industry in Alaska there are successful farmers — those who profitably grow and market their crops and are in control of their debt. Horticultural crops — vegetables and potatoes from tradi-

tional farms, bedding plants, shrubs and other ornamentals from nursery and greenhouse producers — accounted for \$17 million in gross sales last year, along with 1,500 jobs. But even in depressed sectors such as livestock and grain there are producers who are making it — without need of a bailout. There is nothing wrong with agriculture in this state, only with what we have tried to do to it.

What is the future of farming in Alaska? What role should state government play?

To my way of thinking, government involvement of any kind is inappropriate, unless basic criteria are met:

Can government provide a service that the private sector cannot provide? Is there a public interest at stake that justifies expenditure of public funds?

If the answer to either of these queries is "No," then government probably should stay out!

I can identify only four kinds of government services to agriculture that seem to meet this test. They are:

• **Inspection of food and farm products** destined for public use or consumption. A quality inspection program is the key that opens the door to the market place for the local farmer. It is mandated by federal law in some instances, and helps to promote a healthy competition for product quality. At the same time it protects retailers and the public from those who would use Alaska as a dumping ground for poor quality import.

• **Research.** Innovation on the farm depends upon scientific research applied to real world problems. Our farmers sacrifice time and money in an effort to identify new crops or methods that can give Alaska a competitive advantage. They cannot do this efficiently, nor take advantage of what they learn without scientific support. Gov-

ernment should fill this void.

• **Credit.** Private banks do not like to deal with agriculture, here or anywhere. Farmers do not need free money. They do need a bank they can rely on and, this is most important, a banker who knows farming and who knows a potentially profitable operation from a losing one. Nobody deserves a loan just because he is a farmer. But farmers, like other businessmen, deserve loans when their credit is good.

• **Access to Land.** In virtually every state, local governments have acted to protect their best agricultural lands from erosion and incompatible development. For this reason, the Hammond administration initiated an agricultural title system that offered farmers ownership, subject to a condition that the land not be abused nor diverted to uses inconsistent with agriculture. This system is without doubt the most valuable legacy of the big project

era. It is the tool that preserves the raw material of the farmer's trade at a price compatible with the long term nature of his investment.

Inspection, research, credit and land access pass the acid test for government involvement in agriculture. With few exceptions, if a service is outside the scope of these four areas, the government of this state probably should not be providing it.

When money was easy, we could afford to pursue agriculture as one more Alaskan lifestyle. Now we have no choice but to view agriculture as a business. If we stick to basics, it will grow at its own pace, and require no subsidy. It will provide jobs, and quality produce for all of us. And, by the way, those who succeed in it will enjoy a rewarding lifestyle.

□ Mark Weaver is Director of the Division of Agriculture.



# STATE OF ALASKA

STEVE COWPER, GOVERNOR

## DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

400 WILLOUGHBY AVE.  
JUNEAU, ALASKA 99801-1796  
PHONE: (907) 465-2400

May 4, 1988

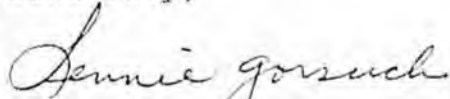
The Honorable Sam Cotten  
P.O. Box V  
Juneau, Alaska 99811

Dear Representative Cotter:

Subject: Senate Bill 192, which would increase the membership of the Agriculture Revolving Loan Fund Board (ARLF) from five to seven persons.

Position: The Department of Natural Resources supports this bill because it will ensure that at least two members of the ARLF Board are producing farmers. There is currently no requirement that any Board seats be reserved for persons actively engaged in farming.

Sincerely,



*for* Judith M. Brady  
Commissioner

cc: House Resource Committee  
Senator Kerttula  
Bill Sponsor  
Bob Evans  
Ron Clarke  
Mark Weaver

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

REQUEST: \_\_\_\_\_ Bill Version CS SB 192 (Res)  
 \_\_\_\_\_ Publish Date: (SENATE) 3/7/88  
 Revision Date: \_\_\_\_\_ Agency Affected: Natural Resources  
 Title: Membership of ARLF Board BRU: Agriculture  
 Sponsor: Senator Kerttula Components: \_\_\_\_\_  
 Requestor: Senate resources

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-*	-0-*	-0-*	-0-*	-0-*

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

\*Board members receive no salary but receive per diem and travel funds from the ARLF. This totals approximately \$4,000 per year per member. Adding 2 members to the board could result in an additional \$8,000 expenditure from the ARLF.

Prepared by: Carol Wilson Phone: 465-2400  
 Division: Commissioner's Office Date: \_\_\_\_\_  
 Approved by Commissioner: Lynn Boston Jones Date: 4/2/87  
 Agency: Natural Resources

- Distribution (by preparer):
- Legislative Finance
  - Legislative Sponsor
  - Requestor
  - Office of Management and Budget
  - Impacted Agency(ies)
  - Senate Secretary



Official Business

# Alaska State Legislature

## Senate

P.O. BOX V  
State Capitol  
Juneau, Alaska 99811

TO: Representative Sam Cotten, Chairman House Resources  
Committee

FROM: Senator Jay Kerttula

RE: SB-192, "An Act relating to the membership of the  
agricultural revolving loan fund board."

DATE: April 13, 1988

I would appreciate your scheduling SB-192 for a hearing before the House Resources Committee at your earliest possible convenience.

Attached is a packet of information for your use; the bill is very straight-forward. Please contact me if you have any questions.

Thanks for your consideration of this request.